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Chairman: Mr. Rosenthal ..... (Guatemala)
later: Ms. Dinič (Vice-Chairman) ..... (Croatia)
later: Mr. Rosenthal (Chairman) ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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00-80044 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Proposed programme budget outline for the biennium 2002-2003 (A/55/16, A/55/186 and A/55/685)

1. **Mr. Halbwachs** (Controller) introduced the report of the Secretary-General on the proposed programme budget outline for the biennium 2002-2003 (A/55/186). The outline was an important first step in the budgetary process, which was aimed at achieving the widest possible agreement on the Organization's financial requirements. As an estimate of resources required, and not a preliminary budget, the outline was by its very nature a general document. Part II contained a preliminary indicative estimate of resources for the biennium 2002-2003 and included the appropriations for 2000-2001 plus provisions for new posts approved in 2000-2001 (para. 3) and provision for new or expanded activities in 2002-2003 (para. 5), less one-time costs in 2000-2001 (para. 4). Since the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) was still under review, provisions for special political missions had not been included, although they were estimated to cost approximately $90.3 million in the biennium 2002-2003. Part III reflected the priorities proposed in the medium-term plan for the period 2002-2005. Part IV contained preliminary estimates of 1.2 per cent real growth without the inclusion of special political missions, or a decrease of 2.4 per cent once special political missions were taken into account, compared with the initial appropriation for the biennium 2000-2001. In part V it was recommended that the contingency fund should be maintained at 0.75 per cent of the overall level of resources.

2. He stressed that, as indicated in paragraph 6, during the budget preparation period the Secretary-General would continue to scrutinize the level of resources required and reflect in his budget submission the benefit of further reviews of possible obsolete activities, additional cost-effective measures and simplified procedures.

3. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed programme budget outline for the biennium 2002-2003 (A/55/685). The Advisory Committee noted that the Secretary-General was proposing a preliminary estimate of resources for the biennium 2002-2003 of $2,475.4 million (para. 2). It was, however, not sure of the reason for deleting the provisions for special political missions and was of the opinion (para. 8) that the estimates for special political missions should continue to be included in the budget outline. Experience had shown that the initial provisions for special political missions had been exceeded and were currently estimated at $112 million for 2000-2001. The Committee recommended that the amount allocated for the biennium 2002-2003 should be approximately $93.7 million, and that any additional amount should be handled in accordance with the procedure established in General Assembly resolutions 41/213 and 53/206. As indicated in paragraph 11, the Advisory Committee therefore recommended that the General Assembly should adopt a preliminary estimate of $2,515.3 million at the revised 2000-2001 rates for the biennium 2002-2003. When taking action on the outline, the General Assembly would take into account the need to recost amounts once the budget was prepared to reflect 2002-2003 rates. He informed the Committee that, in the second sentence of paragraph 10, the phrase "for the biennium 2000-2001" should be replaced by "for the biennium 2002-2003".

4. **Ms. Wensley** (Australia), speaking also on behalf of Canada and New Zealand, stressed the importance of the programme budget outline in the budget process. Early agreement on the indicative level of the budget helped Member States to plan to meet their financial obligations in full and on time. Preliminary analysis indicated that the proposed programme budget outline appeared consistent with the priorities set out in the medium-term plan for the period 2002-2005. She endorsed the principle aspects of the proposal, which reflected the continued commitment to make the United Nations a more responsive, effective and efficient organization.

5. The budget estimate must be as realistic a forecast of the Organization's financial requirements as possible and the budget process must be open and transparent in order to ensure that Member States had the information they needed when taking decisions. She therefore regretted that the budget estimates did

not take into account special political missions, which incurred significant additional resources, and recalled resolution 53/206, in which the General Assembly had endorsed the proposal of the Secretary-General to include special political missions in the budget outline. She also endorsed the opinion expressed by the Advisory Committee in its report (para. 8) that, since special political missions were of a continuing nature, estimates should continue to be included in the budget outline. She therefore agreed that the estimates in the budget outline should include an amount of $93.7 million at revised rates for special political missions. Omission of those significant costs was not conducive to sound budgetary planning and control.

6. She regretted that the budget outline made no mention of projected efficiency savings. In the previous budget outline, efficiency gains in the amount of $20 million had been identified and she recalled that, as early as 1948, the Advisory Committee had stressed the importance of stringent budgeting and the need to use resources more wisely. The budget should enable implementation of priority activities and at the same time take advantage of every possible opportunity to do things better and more cost effectively.

7. It was disappointing that the budget outline did not make cost provisions for major issues such as the capital master plan, the safety and security of United Nations personnel and implementation of the report of the Panel on United Nations Peace Operations. In that regard, she noted that the Advisory Committee recommended approval of a level of resources significantly lower than had been requested; if that recommendation was accepted, it would reduce the amounts involved. She concurred with the Advisory Committee's recommendation that the General Assembly should adopt a budget estimate of $2,515.3 million at the revised 2000-2001 rates for the biennium 2002-2003.

8. **Ms. Cervi** (France), speaking on behalf of the European Union, said that the United Nations was embarking on extensive reforms that would need to be given substance in budgetary decisions. The European Union was generally satisfied with the proposed programme budget outline for the biennium 2002-2003, although it hoped to be given more detailed information in the informal consultations. The outline adequately reflected the Organization's priorities, as defined by the medium-term plan for the period 2002-2005. The European Union supported the Secretary-General's efforts to find savings which would make some redeployment possible and commended his intention rigorously to scrutinize the amounts requested for 2002-2003. Although no firm figure could be put on such savings, the action was worth taking.

9. The European Union strongly shared the view of the Committee for Programme and Coordination and the Advisory Committee that special political missions should be reintegrated in the outline, in accordance with the General Assembly's decision in principle at the time of the previous outline. It was important that sufficient provisions should appear in the budget outline, so that in due course such missions were not endangered through lack of funding.

10. With regard to the report of the Panel on United Nations Peace Operations, the European Union had already spoken earlier on the issue. The Committee would, however, need to consider the financial consequences of implementing both the recommendations of the Panel and the recommendations concerning measures to strengthen the safety and security of United Nations personnel. The improvements required should be factored into the budgetary provisions for the biennium 2002-2003, the scale of which would become clear in May 2001. No allowance had been made for those two factors in the outline, but they would continue to be discussed in informal consultations. In any case, she reiterated the view of the European Union that peacekeeping should not detract from efforts by the international community to promote development.

11. The European Union was keeping an open mind on the outline, given the number of imponderables. The consequences of the report of the Panel on United Nations Peace Operations, the thrust of the special political missions and the refurbishment of Headquarters — of which the outline said nothing — could all upset the delicate balance of the proposed budget. As a preliminary assessment, however, the outline was satisfactory and the European Union would play its part in the financial consequences of any General Assembly decisions.

12. **Ms. Arce de Jeannet** (Mexico) said that it was essential for a budget to include the financial and human resources needed to carry out all mandated activities. It would be wrong, in the interests of a spurious efficiency, to sacrifice the activities that gave the Organization meaning, or the high quality of its

work. She noted that special political missions were not included in the outline, although the General Assembly had decided, in resolution 53/206, that they should be incorporated. Her delegation fully concurred with the view expressed in paragraph 8 of the Advisory Committee's report (A/55/685). Moreover, the proposed programme budget outline for the biennium 2002-2003 should include the necessary resources to implement the resolution concerning the high-level international intergovernmental meeting on financing for development which would shortly be approved by the General Assembly. Lastly, her delegation endorsed the conclusions contained in the reports of the Advisory Committee and the Committee for Programme and Coordination.

13. **Mr. Hays** (United States of America) expressed appreciation for the work of the Secretariat and the Advisory Committee in ensuring the smooth functioning of the budget process and expressed support for the budget outline in general. He recalled that Member States and the Secretariat had worked to streamline the work of the Organization and make it more responsive so that its activities could be carried out with the greatest efficiency possible. Responsible budgeting must continue so that the United Nations could continue to serve the needs of those who depended on it. The review process within the Fifth Committee was a critical part of that responsible budget process and the Committee should be able to approve the budget outline as a preliminary indication of the resources needed for the priority activities of the Organization in accordance with the mandate set out by the General Assembly. His delegation supported those priorities, but the budget outline required more definition, as had been pointed out by the Advisory Committee, in order to take into account issues that were currently before the General Assembly; it was difficult at the present stage to make accurate estimates of the resources needed.

14. He agreed with other delegations and the Advisory Committee that special political missions should continue to be included in the budget outline and welcomed the initiatives taken by the Secretary-General to improve the safety and security of United Nations personnel; the United Nations share of any related costs should be reflected in the budget outline. Any additional costs arising out of the report of the Panel on United Nations Peace Operations, currently under review by the Fifth Committee, should also be included in the budget outline for the biennium 2002-2003. While he was pleased to note from the proposed budget outline (paras. 6 and 9) that the Secretary-General would continue to scrutinize critically the level of resources required and to maximize the output effectiveness of the resources committed, there was no indication of what economies could be expected or which areas were being addressed. The budget outline should deal not only with planned expenditures but also with planning and reduction of costs, which were essential for effective budgeting. He noted that there was a slight reduction in the estimate for public information activities, although it still represented more than 5 per cent of the total budget. He stressed the importance of continuing a bottom-up approach to all aspects of budgeting and the need to take into account self-evaluation carried out by the relevant oversight bodies. With regard to the contingency fund, given that the fund was greater than the amount actually used in recent years, he believed that it would be reasonable to reduce it to 0.25 per cent, as had been proposed in the budget for the biennium 1998-1999.

15. To sum up, it was difficult to appreciate the overall total without having more details on the full context of the budget outline and he proposed the approval of an amount of $2.475 million, which would be sufficient to cover core activities, as indicated in the table in paragraph 2, to be revised to take into account currency fluctuations and inflation. Provision should also be made to take into account items of which the details would be available the following spring. He concluded by stressing his delegation's commitment to providing the Organization with adequate resources to undertake its priority activities but also stressed the need to implement those priorities in the most efficient way possible.

16. **Mr. Yamanaka** (Japan) commended the efforts made by the Secretary-General to improve the efficiency, accountability and transparency of the United Nations. The continuing financial difficulties of Member States made it all the more important that such efforts should continue. The budget outline provided an opportunity for Member States to reflect on estimated overall resources prior to the submission of the proposed programme budget for the next biennium. Provisions for special political missions and for strengthening the security and safety of United Nations personnel should be included in the preliminary estimate. He also regretted that compensating

economies had not been identified in the outline as had been done in the past. Precise estimates of savings to be achieved from implementing mandated activities more efficiently and economically should be developed. Finally, he agreed that the contingency fund should be maintained at 0.75 per cent of the overall level of resources.

17. **Mr. Lozinski** (Russian Federation) said that, while the proposed programme budget outline for the biennium 2002-2003 was necessarily of a preliminary nature, considerable time had elapsed and much had happened since the outline had been drawn up.

18. No amount was included in the outline for the possible continuation of existing special political missions. His delegation appreciated the arguments for that approach outlined in paragraph 7 of the Secretary-General's report (A/55/186), but the Organization's experience over the past years, especially in the context of unforeseen requirements in connection with special missions, suggested that the Advisory Committee's recommendation that an amount for special missions should be included in the budget outline was well-founded. His delegation welcomed the Secretary-General's intention of maximizing the output effectiveness of the resources committed and noted that the budget submission would reflect the benefit of further reviews of possible obsolete activities, additional cost-effective measures and simplified procedures. The Secretary-General had also been correct in the priorities he had outlined for the biennium 2002-2003. As for the preliminary estimate for the biennium, his delegation supported the Advisory Committee's recommendation in paragraph 11 of its report. Lastly, his delegation supported the Secretary-General's recommendation that the contingency fund should be maintained at 0.75 per cent of the overall level of resources. It was essential that the provisions of General Assembly resolutions 41/213 and 42/211 concerning the use of the contingency fund should be upheld.

19. **Ms. Rodsmoen** (Norway) said that her delegation supported the budgetary process established in accordance with General Assembly resolution 41/213. It regarded the budget outline as a preliminary estimate of the resources needed for the next biennium, rather than as a ceiling for the next budget proposal. While the growth rate of the programme budget was not a question of principle for her delegation, it believed that the policy of zero nominal growth had become increasingly counterproductive in that it limited the Organization's capacity to respond to new challenges. The United Nations was becoming increasingly dependent on voluntary contributions from a disappointingly small group of countries. Many of the activities financed through such contributions fell within the core mandate of the Organization and should therefore be financed through the regular budget.

20. With regard to the budget outline, it appeared that, in order to appease the proponents of the policy of zero nominal growth, the Secretary-General had been obliged to omit provisions for, inter alia, special political missions, implementation of the recommendations contained in the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809) and strengthening of the security and safety of United Nations system personnel. Her delegation was prepared to accept the outline, on the understanding that Member States would have to approve some additional expenditure. It endorsed the priorities for the next biennium identified in the medium-term plan for the period 2002-2005 (A/55/6) and it supported the maintenance of the contingency fund at its current level.

21. *Ms. Dinič (Croatia), Vice-Chairman, took the Chair.*

22. **Ms. Sanchez Lorenzo** (Cuba) stressed the importance of the budget outline as a preliminary indication of the Organization's resource requirements for the next biennium. The budget outline must reflect the priorities established by Member States and she agreed with the Advisory Committee that it should include provisions for special political missions, in accordance with General Assembly resolution 53/206. She also hoped that the Secretariat would take into account decisions taken by the General Assembly since the budget outline had been prepared, as reflected in the annex to the report of the Advisory Committee on the proposed programme budget outline for the biennium 2002-2003 (A/55/685). Given the difficulty of estimating potential savings, she believed that the budget outline should concentrate on forecasting resources for the many important activities of the Organization and that potential savings should be discussed in the context of future consultations. She stressed that her delegation would continue to work to adopt a budget outline that would reflect all new realities facing the Organization and establish a final budget that would provide it with the resources it needed to implement its mandate.

23. **Mr. Nakkari** (Syrian Arab Republic) said that the purpose of the budget outline was to provide Member States with a preliminary indication of the resources that might be required in the next biennium. No growth was envisaged in the outline, although the General Assembly had never endorsed the concept of zero nominal growth. His delegation believed that the budget outline should be based not on that concept, but on the Organization's needs. He concurred with the Advisory Committee's view that, since the requirements for special political missions were of a continuing nature, the related estimates should continue to be included in the budget outline.

24. It was not clear to him why a number of posts approved in the programme budget for the biennium 2000-2001 for the installation, operation, support and maintenance of the Integrated Management Information System (IMIS) at offices away from Headquarters had been funded for only the latter part of the biennium (A/55/186, para. 3). He strongly supported the appropriation in 2002-2003 of an additional $13.2 million to fully fund those posts. Regarding the Secretary-General's intention to conduct further reviews of possible obsolete activities (para. 6), he wished to know what those activities were and what savings would be achieved by their abolition. His delegation, which attached great importance to public information activities, was concerned at the proposed reduction of expenditure under that part of the programme budget. The proposal to increase the resources allocated for internal oversight should be reviewed in the light of the Organization's other pressing needs. In general, substantive activities should take priority. More detailed information should be provided regarding the proposal to increase expenditure under common support services. Lastly, the contingency fund should be maintained at its current level.

25. **Mr. Zhou** Qiangwu (China) said, with regard to the budget outline, that his delegation supported the conclusions and recommendations made by the Committee for Programme and Coordination (CPC) at its fortieth session. He noted that the preliminary estimate of resources needed for the biennium 2002-2003, which amounted to $2,475.4 million, represented a reduction compared with the programme budget for the biennium 2000-2001. While efforts to increase efficiency and reduce expenditure were to be commended, the programme budget must provide sufficient resources for the full implementation of mandated activities, and savings must not be achieved at the expense of programme delivery. There was a need for flexibility regarding the level of the programme budget if the commitments made at the Millennium Summit were to be fulfilled. Dialogue and consensus-building, too, were vital elements of the budgetary process.

26. He was pleased to note that the budget outline reflected the priorities identified in the medium-term plan for the period 2002-2005 (A/55/6). It was important to ensure, in that connection, that there was a balance between the Organization's peacekeeping and development activities. His delegation concurred with the Advisory Committee that a provision for special political missions should have been included in the budget outline. The omission of such an amount was hardly conducive to transparency in the budgetary process. Lastly, he agreed with those speakers who had called for the maintenance of the contingency fund at 0.75 per cent of the overall level of resources.

27. **Mr. Halbwachs** (Controller) recalled that the purpose of the budget outline was to promote greater involvement of Member States in the budgetary process and thereby facilitate the broadest possible agreement on the programme budget. The document before the Committee had been prepared in July. In the light of the ongoing review of the recommendations contained in the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809), it had not been possible to include provisions for special political missions, implementation of the Panel's recommendations, and strengthening of the security and safety of United Nations system personnel. As stated in the report (A/55/186, para. 7), the Secretary-General believed that it would be best to revert to those issues and their effects on the outline when the relevant reports were available; that would not represent a departure from the Committee's past practice. Subsequently, when the Committee came to approve the budget outline, it would take into account not only the document now before it but also any other reports on issues related to additional expenditures.

28. In accordance with General Assembly resolution 53/206, no figures relating to savings from efficiency gains had been included. However, as stated in the report (para. 6), the Secretary-General would continue to scrutinize the level of resources required for 2002-2003 and would reflect in his budget submission the benefit of additional cost-effective measures and

simplified procedures. A list of obsolete activities would be issued as an annex to the proposed programme budget for the biennium 2002-2003.

29. Additional resources had been provided in the programme budget for the biennium 2000-2001, to enable the Department of Public Information to cover a number of conferences. Since those expenses were not recurring, a reduction of expenditure under public information was anticipated in 2002-2003. The new posts approved in the programme budget for the biennium 2000-2001 for the installation, operation, support and maintenance of IMIS would not be established until 2001 and were therefore being funded for only the latter part of the biennium, whereas a full biennial provision would be required for those posts in 2002-2003. It was recommended that the level of the contingency fund should be maintained at 0.75 per cent in accordance with the wishes of the majority of Member States.

Agenda item 117: Programme budget for the biennium 2000-2001 (*continued*)

First performance report on the programme budget for the biennium 2000-2001 (continued) (A/55/7/Add.5 and Corr.1 and A/55/645 and Corr.1 and Add.1)

30. **Ms. Silot Bravo** (Cuba) asked why the realized level of vacancies in 2000 had exceeded the average vacancy rate approved by the General Assembly. She also wished to know what the vacancy rates were in respect of the new posts established in the programme budget for the biennium 2000-2001 and the posts in United Nations information centres referred to in General Assembly resolution 52/220.

31. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that, although the realized level of vacancies for staff in the Professional and higher categories in 2000 had been just over 8 per cent, which was somewhat higher than the average vacancy rate of 6.5 per cent approved by the General Assembly, the 2.6 per cent vacancy rate achieved for staff in the General Service and related categories had been on target. The higher than budgeted vacancy rate for staff in the Professional and higher categories was not a general problem, but was concentrated in a limited number of budget sections, including section 16 (Economic and social development in Africa) and section 28 (Office of Internal Oversight Services). He was pleased to report that vacancy rates in those exceptionally high-vacancy sections had been reduced compared with the biennium 1998-1999 and that that positive trend was expected to continue. Special efforts had been made to address the high vacancy rate in the Economic Commission for Africa. The vacancy rates in the Department of Public Information of 4.5 per cent and 2.1 per cent for staff in the Professional and higher categories and in the General Service and related categories, respectively, were lower than the system-wide average, and full use had been made of the posts in United Nations information centres referred to in General Assembly resolution 52/220. Regarding the new posts approved in the programme budget for the biennium 2000-2001, information on recruitment was currently being sought from offices away from Headquarters.

32. **Ms. Silot Bravo** (Cuba) requested that the text of the statement made by the Director of the Programme Planning and Budget Division should be circulated to delegations.

Capital master plan (continued) (A/55/7/Add.4 and A/55/117 and Add.1)

33. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) recalled that the Secretary-General had prepared the capital master plan on the basis of a comprehensive study comprising a detailed analysis of existing conditions, estimates of the cost of remedial measures under the current reactive approach and estimates of the energy costs which the Organization could expect to incur over the next 25 years. The plan also included "study phase" estimates of the costs of recommended corrective work on various components of the Headquarters complex, such as walls, ceilings, roofs, plumbing, electricity and air conditioning. Wherever specific quantities were known, they had been used in the estimates; wherever they were unknown, lump-sum figures had been used. Although a thorough, building-by-building and system-by-system analysis had been conducted, it did not supply the details that were needed to implement the $1 billion refurbishment programme.

34. As noted in paragraph 5 of the Advisory Committee's report (A/55/7/Add.4), the Secretariat had introduced safeguards into its estimates by assuming a design and planning phase contingency of 20 per cent

of the construction project cost and a standard construction industry contingency of 5 per cent of that cost, for a total safeguard element of 25 per cent. Although the Secretariat was confident that that figure was realistic, it had asked the Board of Auditors and the Office of Internal Oversight Services to review the assumptions, and their findings would be taken into account in the schematic design phase.

35. The proposed schematic design, to which the Canadian representative had referred at the Committee's preceding meeting, would not be necessary if the Member States decided to adhere to the current reactive approach instead of adopting the capital master plan. The schematic design was the first step towards the implementation of the plan, or, in the Advisory Committee's view, the first step towards deciding whether or not to adopt the plan. With respect to the content of the schematic design, a conceptual layout of all building systems, including fire alarm, sprinkler, heating, ventilation, air conditioning, plumbing and electrical systems, would be developed. That would involve certain choices regarding operational issues, such as whether the Organization should continue to purchase electric power, and the estimation of the cost of each option chosen. Once those extremely detailed assessments had been made, agreement could be reached on whether or not to implement the capital master plan. Even if the Member States decided against the plan after the $8 million for the schematic design had already been spent, that money would not have been completely wasted; about half of the design recommendations would still be valid, while others, such as those on swing space, were specific to the capital master plan. However, it should be borne in mind that the continuation of the reactive approach would involve the expenditure of an enormous amount of money on the same kind of work that would be carried out for the purpose of the schematic design.

36. In reply to the question put by the Canadian representative at the preceding meeting as to whether the cost estimates would remain valid if a decision on the capital master plan was deferred, he said that the estimates were time-sensitive and would be affected by a delay owing to inflation and other factors. It was estimated that deferral of the decision would add about $50 million over the next 25 years to the total cost of the project. The timely implementation of the schematic design was necessary if the Member States were to decide in favour of the capital master plan.

37. **Mr. Lamek** (France), speaking on behalf of the European Union, said that the importance of the question of the capital master plan was such that it deserved a more extensive debate than the Fifth Committee's programme of work would normally allow.

38. The Headquarters building was 50 years old and it had aged. It no longer met modern safety, security, fire or building standards and much equipment was coming to the end of its natural life. Yet it was an essential part of the Organization's image and was the main focus of its employees' work. Their working conditions should therefore be improved. The piecemeal approach was no longer feasible and an overall renovation plan was urgently required. The capital master plan submitted by the Secretary-General was on an extraordinary scale. The construction costs, if spread over six years, would amount to $964 million. The financial costs, on the basis of interest rates over 25 years at current rates, would amount to $957 million. The renovation could, of course, be partly or fully financed by means of an interest-free loan. In that case, however, the lender or lenders would in fact be underwriting the interest costs. The financial costs and the construction costs were thus more or less the same, giving a total of $1.9 billion, compared with the purely reactive approach of renovating Headquarters bit by bit, which would cost just under $1.2 billion. That was equivalent to the budget for a whole biennium, which underlined the need for a full debate. The European Union welcomed the forthcoming publication by the Joint Inspection Unit of a report on the management of the Headquarters buildings. Innovative solutions should also be explored. The Secretary-General's report raised the possibility of putting up extra buildings which would make it possible to economize on temporary premises while the work was carried out. Such additional buildings might also provide savings on the rental expenses currently borne by the Organization. The Secretary-General proposed that the work should be spread over six years and it would therefore be completed in about 10 years' time. A decision on the proposal should be taken with the help of the study for which approval was being sought. Solutions should be found to keep costs under the agreed limits throughout.

39. The financial arrangements would obviously depend heavily on the host country. The idea of passing the servicing of the debt on a loan through an appropriation account was not, however, in accordance with the principle whereby the permanent functions of the United Nations should be financed out of the regular budget. The European Union doubted whether the "savings" of $354 million under the capital master plan could guarantee a bond issue, as suggested in paragraph 84 of the Secretary-General's report (A/55/117). The "savings" were by no means clear-cut and were similar to the difference in the costs of the reactive approach and the master plan, including energy savings. No amount had, however, yet been budgeted for any of those options and the notion that they could serve as a guarantee was doubtful.

40. The European Union approved in principle of a master plan dealing with the renovation of the Headquarters buildings, which would be discussed when the Committee resumed its work. It therefore supported the Secretary-General's recommendation that studies should continue, at an estimated cost of $8 million. As the Advisory Committee suggested, the studies should consider all aspects, including all the cost elements, the various possible options and the financial mechanisms that would ensure that costs were kept down. The European Union also welcomed the Secretary-General's suggestion that he should establish an advisory group. The success of the enterprise, however, would largely depend on the goodwill and participation of the host country.

41. *Mr. Rosenthal (Guatemala) resumed the Chair.*

42. **Mr. Hays** (United States of America) said that his Government was proud to have hosted the United Nations Headquarters in New York, an architectural landmark that stood as a symbol of hope for the people of the world. The buildings were, however, ageing and required repair and refurbishment; the Secretary-General's report provided the basis for beginning discussions on a complex and critical project. Because there were significant financial implications for all Member States, all the important questions must be asked and detailed analyses conducted. His Government had therefore started a review of the proposal on its own account. Experts in the financial, construction and management fields would look at all aspects of the plan and compare it to similar projects carried out in the public and private sectors. The Government would be happy to share the results of that examination with the Secretariat and other Member States. With regard to the Secretary-General's request for $8 million to begin preliminary design and cost analyses of the proposals for the project, his delegation would like to receive more information about the timing of such work and what would be produced when it was completed. It would also be grateful to learn about analyses conducted by other Member States and about their own national experiences with major building renovations. It had noted the recent efforts of some delegations to engage experts from the private sector and hoped that that resource would continue to be tapped as deliberations proceeded.

43. **Mr. Yamanaka** (Japan) said that he appreciated the Secretary-General's report on the capital master plan (A/55/117 and Add.1) and his efforts to bring the matter to the attention of Member States. However, the report did not provide details on the estimated cost and schedule of each step in the process. Further details on the overall implementation schedule and financing plan were needed in order to give Member States a complete picture of the capital master plan. The active participation of the host Government and state and local authorities, inter alia through funding, was essential; in that connection, he shared the views expressed by the Advisory Committee in paragraph 11 of its report (A/55/7/Add.4). The Committee should not authorize the comprehensive design plan and cost analysis until the General Assembly had given the Secretary-General clear guidance in that regard.

44. **Mr. Tang** Guangting (China) said that the Headquarters buildings, most of which were some 50 years old, did not conform to fire and building codes and did not meet criteria for energy efficiency or modern-day security requirements. The complex was therefore in need of complete refurbishment. A planned and managed method of refurbishment was much better and more far-sighted than an ad hoc method. He agreed with the Advisory Committee that criteria for planning the project should be based on thorough studies, not assumptions. The Secretary-General's next report to the General Assembly should contain more detailed and comprehensive information.

45. The capital master plan involved a gigantic construction project aimed at turning the old Headquarters complex into a modern public service facility that met health standards and modern security needs. If that aim was to be achieved, the project's implementation must be coordinated with the host

Government and local authorities. In formulating and implementing the plan, the Secretary-General should coordinate with the host Government on issues such as energy-saving measures and health guarantees, and should maintain good cooperative relations. He agreed with the Advisory Committee that the plan should not envisage improvements and expansions that would be overly ambitious.

46. With respect to fund-raising, the Secretary-General's report recalled that, 50 years earlier, the host Government had generously provided a $65 million loan, equivalent to $450 million in 2000 dollars, for the original construction. He was pleased to note, from the Advisory Committee's report, that negotiations were under way with the host Government and state and local authorities with a view to obtaining financial support. The Secretary-General should continue to provide progress reports in that regard. He appealed to the host Government and to state and local authorities to provide financial support for that historic project.

47. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that the first step in the Secretary-General's efforts had been to identify the physical condition of the Headquarters complex and the financial consequences of the findings. The Secretary-General had attempted to show that the capital master plan would not only solve the basic problems identified, but also be more cost-effective than the continuation of the reactive approach. Financing costs had not been included in the calculations.

48. The overall analysis of the buildings' condition had been based on 10 detailed assessments which had comprehensively identified necessary remedial measures, energy cost implications and initial estimates of the costs of implementing the capital master plan. The additional details requested by some Member States could not be provided unless the proposed schematic design was prepared. In reply to the question put by the French representative concerning the projected savings of $354 million, he said that that amount represented the energy and emergency repair costs that would be avoided if the capital master plan was implemented for a total of $964 million over six years. Those avoided costs did not represent any kind of guarantee, but they could be used to support the argument that half the total cost of $964 million could be funded through commercial borrowing in the form of a bond issue, while the remainder could be funded through interest-free loans from Member States. Although that proposal would entail interest costs, it would still cost about the same as the reactive approach, which would cost some $1.6 billion over 25 years.

49. In reply to the representative of the United States of America, he said that the $8 million schematic design, if authorized, would take about a year to complete. One component of the cost was the need for dedicated in-house experts to manage the project. The preparation of the schematic design itself would cost about $6 million. A financial feasibility study would be prepared on the benefits and operational implications of the Organization generating its own electric power. Another component was the swing space analysis. Although the Secretary-General's current proposal assumed that swing space would be leased from the United Nations Development Corporation (UNDC), various options would have to be examined, precise needs would have to be determined and criteria would have to be established for the selection of swing space. The schematic design would result in estimates that differed from those of the current study phase, since they would take into account the costs of possible electric power upgrades, replacement of the heating and cooling systems, development of a fire safety strategy and information technology facilities back-up. Once the schematic design, product and systems decisions and swing space recommendations had been completed, a final schedule and budget estimates would be produced.

50. In reply to the representative of Japan, he said that the Secretariat believed that the Member States already had enough details to enable them to decide whether or not to pursue the capital master plan. No further information could be provided until the project moved into the schematic design phase, for which the Committee was being asked to approve funding. In preparing the implementation plan, the Secretariat would make use of information from Member States and other international organizations on their experiences with similar large-scale construction projects.

Programme budget implications of draft resolution A/55/L.33/Rev.1: United Nations Verification Mission in Guatemala (continued)
(A/55/680; A/C.5/55/24; A/C.5/55/L.21)

Programme budget implications of draft resolution A/55/L.42: The situation in Central

America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development (*continued*) (A/55/674; A/C.5/55/27; A/C.5/55/L.21)

Programme budget implications of the draft resolution contained in document A/C.3/55/L.16/Rev.1: The critical situation of the International Research and Training Institute for the Advancement of Women (*continued*) (A/55/677; A/C.5/55/26; A/C.5/55/L.21)

51. **The Chairman** recalled that, at its preceding meeting, the Committee had decided to defer its decisions on the programme budget implications of draft resolutions A/55/L.33/Rev.1, A/55/L.42 and A/C.3/55/L.16/Rev.1 pending the issuance of the relevant draft decisions in the six official languages. Those draft decisions appeared in document A/C.5/55/L.21.

52. **Mr. Hassan** (Nigeria), speaking on behalf of the Group of 77 and China, favoured allowing the adoption of the draft decisions concerning the programme budget implications of draft resolutions A/55/L.33/Rev.1, on the United Nations Verification Mission in Guatemala, and A/55/L.42, on the situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development. The programme budget implications of draft resolution A/C.3/55/L.16/Rev.1, on the critical situation of the International Research and Training Institute for the Advancement of Women, however, should be taken up in informal consultations, on the understanding that the other two issues would not be blocked.

53. **Mr. Lenefors** (Sweden), speaking on behalf of the European Union, concurred. The European Union had no desire to block the adoption of the draft decisions on the programme budget implications of draft resolutions A/55/L.33/Rev.1 and A/55/L.42, but the situation of the International Research and Training Institute for the Advancement of Women required further consideration in informal consultations.

54. **Mr. Nakkari** (Syrian Arab Republic) said that, although his delegation supported all three draft decisions, it noted the flexible stance adopted by the representative of Sweden on behalf of the European Union and could therefore support the suggestion that the situation of the Institute could be considered in informal discussions without implying opposition to the Institute.

55. He thanked the Chairman for his work in ensuring that all documentation appeared in the six working languages, in accordance with the rules of procedure. He trusted that documents would always be issued in all the languages 24 hours before they were taken up.

56. **The Chairman** said he took it that the Committee wished to adopt the draft decisions concerning the programme budget implications of draft resolutions A/55/L.33/Rev.1 and A/55/L.42 without a vote. The draft decision concerning the programme budget implications of draft resolution A/C.3/55/L.16/Rev.1 would be discussed further.

57. *It was so decided.*

The meeting rose at 12.25 p.m.